

Message Text

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PAGE 01 BONN 04171 01 OF 02 091329Z

ACTION EB-08

INFO OCT-01 ARA-06 EUR-12 EA-07 ISO-00 CIAE-00 DODE-00

PM-04 H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01

SP-02 SS-15 USIA-06 AID-05 CEA-01 COME-00 FRB-03

STR-04 LAB-04 SIL-01 OMB-01 /098 W

-----091402Z 085994 /47

R 091310Z MAR 77

FM AMEMBASSY BONN

TO SECSTATE WASHDC 6286

DEPARTMENT TREASURY

INFO AMEMBASSY LISBON

AMEMBASSY LONDON

AMEMBASSY ROME

AMEMBASSY PARIS

AMEMBASSY OSLO

AMEMBASSY TOKYO

AMEMBASSY CARACAS

USMISSION EC BRUSSELS

LIMITED OFFICIAL USE SECTION 01 OF 02 BONN 04171

E.O. 11652: N/A

TAGS: EFIN, PO, GW

SUBJECT: SCHMIDT/SOARES PRESS CONFERENCE

REF: BONN 4158 (NOTAL)

1. WE NOW OBTAINED AN UNCORRECTED TRANSCRIPT
OF THE PRESS CONFERENCE HELD BY CHANCELLOR SCHMIDT
AND PRIME MINISTER SOARES ON MARCH 8 IN BONN.

2. ACCORDING TO THE TRANSCRIPT, SOARES, AFTER OPENING
REMARKS BY BOTH CHANCELLOR SCHMIDT AND HIMSELF,
INDICATED THAT QUOTE AS WAS EXPECTED WE HAVE FOUND
COMPLETE SUPPORT BY THE FEDERAL GOVERNMENT FOR OUR
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PAGE 02 BONN 04171 01 OF 02 091329Z

WISH TO JOIN THE EUROPEAN COMMUNITY. IT IS CLEAR
THAT PROBLEMS EXIST ON THE WAY TO THE REALIZATION
OF THIS WISH. ONE PROBLEM IS THE CONDITION OF THE
PORTUGUESE ECONOMY. WE HAVE HAD THOROUGH DISCUSSIONS
CONCERNING THE DIFFICULTIES AND THE PRESENT CONDITION
OF THE PORTUGUESE ECONOMY AND WE CAN SAY THAT WE CAN
COUNT ON THE SUPPORT OF THE FEDERAL REPUBLIC OF

GERMANY IN OUR FURTHER EFFORTS, NAMELY, TO APPLY FOR FULL MEMBERSHIP IN THE EUROPEAN COMMUNITY IMMEDIATELY AFTER THIS TRIP, ALSO FOR THE WORK OF THE COMMISSION OF THE COMMUNITY WHICH WILL THEN FOLLOW AND FOR THE FURTHER PERIOD OF TIME, WHICH IS NOT YET CLEARLY DEFINED, FOR THE OPENING OF MEMBERSHIP NEGOTIATIONS WITH THE COMMUNITY. FINALLY I CAN TELL YOU THAT WE ARE MOST SATISFIED WITH THE TALKS WE HAVE HAD HERE, MOST SATISFIED WITH THE TOTAL SUPPORT WHICH WE HAVE BEEN PROMISED BY OUR GERMAN FRIENDS AS WELL AS WITH THE READINESS TO HELP US AND TO UTILIZE THE GREAT PRESTIGE WHICH THEY HAVE IN EUROPE IN FAVOR OF PORTUGAL. I ALSO WOULD LIKE TO TAKE THIS OCCASION TO SAY THAT I HAVE OFFICIALLY INVITED THE GERMAN CHANCELLOR TO PORTUGAL. UNQUOTE.

3. CHANCELLOR SCHMIDT RESPONDED THAT HE HAD ACCEPTED THE INVITATION TO VISIT PORTUGAL AND MENTIONED THAT THE AID WHICH THE FEDERAL REPUBLIC OF GERMANY IN THE IMMEDIATE PAST HAS GIVEN TO PORTUGAL, MAINLY THROUGH THE BUNDESBANK BUT INITIATED AND SUPPORTED BY THE FEDERAL GOVERNMENT, AFTER ALL INVOLVES CREDITS OF A TOTAL AMOUNT OF ALMOST HALF A BILLION DOLLARS. SCHMIDT CONTINUED, QUOTE WE HAVE ALSO DISCUSSED HOW IN THE FUTURE SUCH AID TO PORTUGAL CAN BE ORGANIZED INTERNATIONALLY AND IN THIS REGARD HAVE REACHED CONCRETE PROCEDURAL UNDERSTANDINGS UNQUOTE. SCHMIDT CONTINUED, IN THIS REGARD PORTUGAL'S OWN EFFORTS, I.E., THE ECONOMIC STABILIZATION MEASURES, LIMITED OFFICIAL USE

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PAGE 03 BONN 04171 01 OF 02 091329Z

WERE OF COURSE VERY IMPORTANT. CONCERNING PORTUGUESE MEMBERSHIP IN THE EC SCHMIDT SAID, QUOTE WE HAVE ASSURED OUR PORTUGUESE FRIEND THAT THE FEDERAL GOVERNMENT IN THE FUTURE WILL CONTINUE TO USE ITS INFLUENCE WITH ITS EUROPEAN PARTNERS THAT A FIRM PERSPECTIVE FOR PORTUGAL'S MEMBERSHIP IN THE COMMON MARKET WILL BE OPENED UP. THE PRIME MINISTER HAS JUST REFERRED TO THE LONG TRANSITION PERIOD WHICH WITHOUT DOUBT WILL BE NECESSARY. IT MIGHT BE A LONG PHASE, POSSIBLY -- IN ORDER TO GIVE AN ORDER OF MAGNITUDE -- OF TEN YEARS. BUT WE ARE NOT YET AT THIS POINT. WE EXPECT PROBABLY TOWARD THE END OF THIS MONTH THE OFFICIAL MEMBERSHIP APPLICATION WHICH THE COMMUNITY IS READY TO RECEIVE. AFTER THAT, THE COMMISSION IN BRUSSELS WILL BE CHARGED TO CONCERN ITSELF WITH THE MEMBERSHIP APPLICATION AND TO MAKE PROPOSALS FOR THE NEGOTIATIONS WHICH THEN HAVE TO TAKE PLACE--THE SAME PROCEDURE WILL BE USED AS HAS BEEN USED IN THE CASE OF GREECE.

ACCORDING TO THIS, THERE WILL BE A NEGOTIATING
MANDATE, POSSIBLY IN THE COMING WINTER OR BY THE
SPRING OF 1978. THE NEGOTIATIONS WILL NOT BE

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PAGE 01 BONN 04171 02 OF 02 091327Z
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LIMITED OFFICIAL USE SECTION 02 OF 02 BONN 04171

ENTIRELY SIMPLY, BUT THE EUROPEAN COMMUNITY IN THE
MEANTIME HAS AFTER ALL EXPERIENCE WITH SUCH
NEGOTIATIONS. UNQUOTE

4. IN RESPONSE TO A QUESTION OF WHETHER IN ADDITION
TO THE FRIENDLY ATMOSPHERE CONCRETE PLANS HAD BEEN
DISCUSSED, SOARES REPLIED, QUOTE WITHOUT DOUBT. AS
HAS ALREADY BEEN MENTIONED A MEDIUM TERM AID PROGRAM
FOR PORTUGAL WAS DISCUSSED WHICH IS BASED ON AN
INITIATIVE OF THE UNITED STATES AND WHICH ALSO
INVOLVES THE FEDERAL REPUBLIC OF GERMANY. IN
ADDITION, BILATERAL COOPERATION BETWEEN THE TWO

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PAGE 02 BONN 04171 02 OF 02 091327Z

COUNTRIES WAS DISCUSSED CONCERNING THE NATIONAL PLAN FOR AN IRON FOUNDRY--INDUSTRY. FURTHERMORE (DISCUSSIONS COVERED) THE SUBJECT OF A NUCLEAR POWER PLANT AND ALSO PROBLEMS OF GENERAL POLITICAL NATURE. AS FAR AS THE EUROPEAN ECONOMIC COMMUNITY IS CONCERNED, IT IS OF THE GREATEST IMPORTANCE THAT WE HAVE THE TOTAL SUPPORT OF THE FEDERAL REPUBLIC OF GERMANY IN VIEW OF THE IMPORTANCE THAT THIS COUNTRY HAS AMONG THE EUROPEAN NATIONS. UNQUOTE

5. COMMENT: ACCORDING TO THE TRANSCRIPT, SCHMIDT'S PRESS CONFERENCE REMARKS ON FUTURE AID THUS DID NOT SPECIFICALLY REFER TO A MEDIUM TERM PROGRAM BUT COULD ALSO BE INTERPRETED TO ENVISAGE FURTHER CENTRAL BANK TYPE OF ASSISTANCE. SOARES, HOWEVER, APPARENTLY INTERPRETED SCHMIDT'S REMARKS TO REFER TO MEDIUM TERM AID -- AND SO DID THE CHANCELLERY OFFICIAL TO WHOM WE PREVIOUSLY TALKED (SEE REFTEL, NOTAL).
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